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SUBJECT: AUTUMN 1973 TRADE UNION POSTURE - POLITICAL AND
ECONOMIC IMPACT

1. BEGIN SUMMARY. TRADE UNIONS, COGNIZANT OF NECESSITY ECONOMIC RECOVER, ARE MITIGATING WAGE DEMANDS AND CONCENTRATING ON NEED INCREASE PENSIONS AND OTHER MEASURES FOR BENEFIT ECONOMICALLY WEAK SECTORS OF SOCIETY. LABOR PEACE CLEARLY CONTINGENT ON SUCCESS GOVERNMENT ANTI-INFLATIONARY MEASURES. RANK AND FILE PRESSURES, PRESENTLY MORE OR LESS UNDER CONTROL, COULD BECOME DIFFICULT HANDLE WERE PRICE INCRESSES OF FIRST HALF 1973 TO CONTINUE. AT THIS POINT UNION CONFEDERATION SOMEWHAT CONFIDENT THAT, GIVEN A GOVERNMENT COMMITMENT IMPROVE PENSIONS AND OTHER BENEFITS, UNIONS WILL BE SUCCESSFUL IN KEEPING CONTRACTUAL DEMANDS TO A MINIMUM. POLICY SHOULD HAVE POSITIVE EFFECT ECONOMIC RECOVER AND HELP STRENGTHEN RUMOR GOVERNMENT.
END SUMMARY

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2. AS 100 DAY PERIOD "ASSURED" SOCIAL PEACE COMES TO END TRADE UNIONS ARE HOLDING HIGH-LEVEL MEETINGS IN PREPARATION AUTUMN ACTIVITIES. WHILE SOME OBSERVERS WOULD AGREE WITH SOMETIMES MILITANT CISL METALWORKER LEADER PIERRE CARNITI THAT ONLY A GAMBLING MAN WOULD PREDICT WHETHER AUTUMN 1973 WILL BE HOT, LUKEWARM OR COLD, BASIC UNION DEMANDS HAVE BEEN FORMULATED AND TRENDS CAN BE DISCERNED.

GENERAL POLICY

3. AT JUST COMPLETED MEETING OF EXECUTIVE COMMITTEE, COMMUNIST-DOMINATED CGIL OUTLINED PRIORITIES AND DEMANDS WHICH LIKELY BE ACCEPTED BY OTHER TWO MAJOR LABOR ORGANIZATIONS. CLEARLY ADHERING TO MODERATE PCI POLICY, CGIL CALLED FOR IMMEDIATE GOVERNMENT ACTION IMPROVE ECONOMIC SITUATION LESS FORTUNATE. FIRST PRIORITY IS INCREASE MINIMUM PENSIONS, FAMILY ALLOWANCES, AND UNEMPLOYMENT BENEFITS. BEYOND IMMEDIATE MEASURES CGIL DEMANDED DEVELOPMENT EMPLOYMENT OPPORTUNITIES ITALY'S DEPRESSED SOUTH. FINALLY, CGIL CALLED FOR BASIC HEALTH, SCHOOL, HOUSING AND OTHER REFORMS TO TAKE PLACE ALONG WITH AND NOT FOLLOWING ECONOMIC RECOVERY.

4. CISL SEC GEN BRUNO STORTI SPEAKING AT RECENT FORMATION GENOA PROVINCE "FEDERATION CGIL, CISL, UIL" STRESSED SAME PRIORITIES OUTLINED BY CGIL EXECUTIVE COMMITTEE. CISL WILL FORMALLY FORMULATE POLICY AT OCTOBER 2-5 GENERAL COUNCIL MEETING, BUT IT IS CLEAR THAT THREE UNION CONFEDERATIONS INTEND STRESS PENSIONS (AND RELATED INCREASES). VERY LITTLE ATTENTION AT CONFEDERAL LEVEL BEING DEVOTED TO COLLECTIVE BARGAINING OR INCREASING INFLATION ERODED WAGES PER SE.

FACTORS LEADING TO UNCERTAIN PROGNOSIS.

5. ALTHOUGH CONFEDERAL POLICY ACCEPTED AT CATEGORY AND PLANT LEVEL, INDIVIDUAL UNIONS MUST RESPOND TO SOMEWHAT UNCONTROLLABLE WORKER DEMANDS BASED ON INFLATIONARY PSYCHOSIS. CLEARLY, MODERATE UNION POSTURE DEPENDENT ON GOI SUCCESS PRICE CONTROL. ALSO, CONTRACTUAL PROBLEMS COMPLICATE MATTERS. METALWORKERS, FOR EXAMPLE, POINT OUT THAT ALTHOUGH CONTRACT INITIALED LAST APRIL, SPECIFIC ISSUES, PRIMARILY CONCERNING JOB CLASSIFICATION AND LIMITED OFFICIAL USE

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PROMOTIONS, HAVE NOT BEEN WORKED OUT. IN ADDITION TO NATIONAL METAL CONTRACT, COMPANY LEVEL NEGOTIATIONS SHOULD BE SOON UNDERWAY WITH FIAT, ALFA ROMEO AND OTHERS. HOWEVER, IN RESPONSE CONFEDERAL PRESSURE AND AGAINST DESIRE LOCAL UNION, COMPANY LEVEL TALKS BEING PUT OFF UNTIL GOVERNMENT RESPONDS ON PENSIONS AND FAMILY ALLOWANCES. THIS IN HOPES OF MINIMIZING COMPANY LEVEL DEMANDS.

6. RAILROAD WORKERS CURRENT NEGOTIATIONS ARE FIRST TEST GOVERNMENT/TRADE UNION "SOCIAL PACT." GOVERNMENT (EMPLOYER) HAD APPARENTLY RESOLVED OFFER 40,000 LIRE/MONTH (ABOUT \$69) INCREASE IN SPITE OF SIGNIFICANT BUDGETARY IMPACT BUT NEW DIFFERENCES HAVE RISEN AND AGREEMENT NOT YET REACHED. SETTLEMENT COULD BE KIND OF BELLWETHER FOR OTHERS.

7. MEANWHILE RECENT EVENTS ALFA ROMEO PLANT INDICATE UNION CONTROL RANK AND FILE NOT COMPLETE. STRIKES PROTESTING EXCESSIVE OVERTIME, "SPEED UP" AND DISCIPLINARY LAYOFFS HAVE BEEN COMMON OVER PAST TWO WEEKS. DUE TO UNCERTAIN CONTROL OVER RANK AND FILE AND BASIC WORKER FEAR CONSEQUENCES INFLATION, INDUSTRIAL AND CATEGORY UNIONS EXPECTED SUPPORT SOME FACTORY LEVEL WAGE AND FRINGE BENEFITS DEMANDS - AT SAME TIME TRYING TO MODERATE THEM.

8. STILL PRESENT RIVALRY BETWEEN CONFEDERATIONS AND CATEGORY UNIONS IS ALSO LIKELY RESULT IN INDEFINITE POSTPONEMENT INDUSTRY/ LABOR UNIONS ON PRODUCTIVITY, FLEXIBLE WORKING HOURS AND UPWARD LABOR MOBILITY AND OTHER ISSUES WHICH EMPLOYERS QUESTION INDUSTRIAL HAD PLANNED TO CARRY OUT WITH THE LABOR CONFEDERATIONS THIS OCTOBER.

CONCLUSION

9. UK FINAL ANALYSIS AND ASSUMING SOME SUCCESS IN BATTLE AGAINST RUN AWAY INFLATION AS WELL AS NO CHANGE PCI POLICY THERE SHOULD BE RELATIVE LABOR PEACE IN AUTUMN 1973, A PEACE ANXIOUSLY AWAITED SINCE 1969. SUCH A PEACE WOULD SERVE TO MARKEDLY AID ECONOMIC RECOVERY AND BOLSTER RUMOR GOVERNMENT VOLPE

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